

**ASSEMBLY BILL**

**No. 1758**

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**Introduced by Assembly Member Mark Stone**

February 2, 2016

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An act to amend Section 281 of, and to add Section 281.1 to, the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 1758, as introduced, Mark Stone. Telecommunications: California Advanced Services Fund.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations. Existing law establishes, among other funds related to telecommunications, the California Advanced Services Fund (CASF) in the State Treasury. Existing law requires the commission to develop, implement, and administer the CASF to encourage deployment of high-quality advanced communications services to all Californians that will promote economic growth, job creation, and the substantial social benefits of advanced information and communications technologies, as provided in specified decisions of the commission and in the CASF statute. Existing law requires the commission to give priority to projects that provide last-mile broadband access to households that are unserved by an existing facilities-based broadband provider. Existing law establishes that the goal of the program is, no later than December 31, 2015, to approve funding for infrastructure projects that will provide broadband access to no less than 98% of California households. Existing law authorizes the commission to collect a surcharge for deposit into the CASF not to exceed \$315,000,000 in total and authorizes the surcharge until 2020.

This bill would extend to December 31, 2023, the time period for meeting the program goal and would specify the threshold speeds to be met in achieving the goal. The bill would also specify as a program goal the achievement of a statewide 90% adoption rate of high-speed Internet access by December 31, 2023. The bill would require the commission to give priority to projects that provide advanced communication services at those threshold speeds to unserved and underserved households until the goal is achieved. The bill would authorize the commission, once that goal is achieved, to prioritize funding for other specified projects. The bill would require the commission and the California Broadband Council, in consultation with relevant state agencies, to develop a plan to implement these provisions in a manner that fosters public-private collaboration. The bill would authorize the commission to allocate up to \$10 million from the Broadband Infrastructure Grant Account in the CASF to a specified nonprofit organization for specified purposes. The bill would make various legislative findings, including findings regarding deployment of broadband speeds of at least 25 megabits per second (Mbps) downstream and 3 Mbps upstream. The bill would establish the High-Speed Internet Access Adoption Account within the CASF and would authorize the commission to award grants to eligible community-based organizations for education and outreach to low-income households to facilitate the adoption of high-speed Internet access by these households. The bill would authorize the commission to collect an additional \$350,000,000, would specify the distribution of the additional moneys among the accounts in the CASF, and would authorize the collection through 2026. By increasing the collection for deposit in the CASF, the bill would constitute a change in state statute that would result in a taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of  $\frac{2}{3}$  of the membership of each house of the Legislature.

Existing law requires a certain amount of moneys from the Broadband Infrastructure Grant Account and the Broadband Revolving Loan Account to be transferred to the Broadband Public Housing Account and requires the commission to award grants and loans from the Broadband Public Housing Account to eligible publicly supported communities. Existing law requires any moneys in the Broadband Public Housing Account not awarded by December 31, 2016, to be transferred back to the other 2 accounts.

This bill would repeal the requirement to transfer back the moneys in the Broadband Public Housing Account that are not awarded.

Because the provisions of this bill are within the Public Utilities Act, a violation of which is a crime, this bill would impose a state-mandated local program by extending a crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. This act shall be known, and may be cited, as the  
2 Internet For All Now Act of 2016.

3 SEC. 2. (a) The Legislature finds and declares all of the  
4 following:

5 (1) The availability of high-speed Internet access, referred to  
6 generically as “broadband” and including both wired and wireless  
7 technologies, is essential 21st century infrastructure for economic  
8 competitiveness and quality of life. Economic studies confirm that  
9 the use of broadband technologies increases economic productivity  
10 as a foundation for increased efficiency in organizational operations  
11 and enhanced profitability in business.

12 (2) Broadband infrastructure is also vital to the operation and  
13 management of other critical infrastructure, such as energy  
14 generation systems and the power grid, water supply systems, and  
15 public safety and emergency response networks. There is a need  
16 for world-class broadband infrastructure throughout California to  
17 support these major infrastructure investments to protect lives,  
18 property, and the environment.

19 (3) The California Advanced Services Fund (CASF) is a vital  
20 resource for California to be a national leader and globally  
21 competitive in broadband infrastructure.

22 (b) It is the intent of the Legislature that the Public Utilities  
23 Commission, after ensuring the development of last-mile  
24 infrastructure to provide at least 6 megabits per second (Mbps)  
25 downstream and 1.5 Mbps upstream service for 98 percent of

1 unserved or underserved households in each region of the state,  
2 do all of the following:

3 (1) Establish the goal for threshold broadband speeds in future  
4 plans and programs of not less than 25 Mbps downstream and 3  
5 Mbps upstream. In establishing the threshold broadband speeds,  
6 the commission should ensure California remains a national leader  
7 and globally competitive on broadband infrastructure while taking  
8 into account all cost-effective strategies.

9 (2) Analyze and publish public data regarding the availability  
10 of broadband service at speeds specified in paragraph (1)  
11 throughout the state.

12 (3) Prepare and submit to the Legislature a plan for achieving  
13 broadband service at speeds specified in paragraph (1) that includes  
14 the following:

15 (A) An analysis of the availability of those threshold speeds for  
16 all consumers.

17 (B) An assessment of the implications of the implementation  
18 of paragraph (1) for the CASF and the required funding needed to  
19 achieve that goal in unserved and underserved areas.

20 (C) A delineation of the strategies and policies that would  
21 achieve that goal in the most cost-effective manner possible,  
22 including whether or not it should be the policy of the state to  
23 encourage fiber deployment for middle-mile projects.

24 SEC. 3. Section 281 of the Public Utilities Code is amended  
25 to read:

26 281. (a) (1) The commission shall develop, implement, and  
27 administer the California Advanced Services Fund program to  
28 encourage deployment of high-quality advanced communications  
29 services to all Californians that will promote economic growth,  
30 job creation, and the substantial social benefits of advanced  
31 information and communications technologies, consistent with  
32 ~~this section~~ *section and Section 281.1*.

33 (2) *Recognizing that, in addition to residential households, there*  
34 *are other types of consumers, including anchor institutions, such*  
35 *as schools, libraries, community centers, and health and medical*  
36 *facilities, small businesses and large employers, and research*  
37 *organizations, all with a range of needs for broadband access*  
38 *threshold speeds in excess of those specified in Section 281.1, the*  
39 *commission, in administering the program, shall consider*  
40 *approving funding for last-mile infrastructure projects to reach*

1 *unserved and underserved households that exceed those threshold*  
 2 *speeds, that also provide improvements to those other types of*  
 3 *consumers, and that the commission deems to be in the public*  
 4 *interest and a cost-effective use of the moneys in the California*  
 5 *Advanced Services Fund.*

6 (b) (1) ~~The goal goals of the program is, no later than December~~  
 7 ~~31, 2015, to approve funding for infrastructure projects that will~~  
 8 ~~provide broadband access to no less than 98 percent of California~~  
 9 ~~households. are both of the following:~~

10 (A) *No later than December 31, 2023, to approve funding for*  
 11 *infrastructure projects that will provide broadband access at*  
 12 *advertised speeds of 6 megabits per second (Mbps) downstream*  
 13 *and 1.5 Mbps upstream to no less than 98 percent of California*  
 14 *households.*

15 (B) *No later than December 31, 2023, to approve funding for*  
 16 *education and outreach projects that would facilitate the*  
 17 *achievement of a statewide 90 percent household adoption rate of*  
 18 *high-speed Internet access with no significant population segment*  
 19 *with less than 80 percent adoption. For purposes of this*  
 20 *subparagraph, high-speed Internet access means access to the*  
 21 *Internet at speeds faster than dialup.*

22 (2) In approving infrastructure projects, the commission shall  
 23 give priority to projects ~~that provide last-mile broadband access~~  
 24 ~~to households that are unserved by an existing facilities-based~~  
 25 ~~broadband provider. pursuant to Section 281.1.~~ The commission  
 26 shall provide each applicant, and any party challenging an  
 27 application, the opportunity to demonstrate actual levels of  
 28 broadband service in the project area, which the commission shall  
 29 consider in reviewing the application.

30 (c) The commission shall establish the following accounts within  
 31 the fund:

32 (1) The Broadband Infrastructure Grant Account.

33 (2) The Rural and Urban Regional Broadband Consortia Grant  
 34 Account.

35 (3) The Broadband Infrastructure Revolving Loan Account.

36 (4) The Broadband Public Housing Account.

37 (5) *The High-Speed Internet Access Adoption Account.*

38 (d) (1) All moneys collected by the surcharge authorized by  
 39 the commission pursuant to Decision 07-12-054 shall be  
 40 transmitted to the commission pursuant to a schedule established

1 by the commission. The commission shall transfer the moneys  
2 received to the Controller for deposit in the California Advanced  
3 Services Fund. Moneys collected on and after January 1, 2011,  
4 shall be deposited in the following amounts in the following  
5 accounts:

6 (A) ~~One hundred ninety million dollars (\$190,000,000)~~ *Three*  
7 *hundred fifty million dollars (\$350,000,000)* into the Broadband  
8 Infrastructure Grant Account.

9 (B) ~~Fifteen million dollars (\$15,000,000)~~ *Thirty million dollars*  
10 *(\$30,000,000)* into the Rural and Urban Regional Broadband  
11 Consortia Grant Account.

12 (C) Ten million dollars (\$10,000,000) into the Broadband  
13 Infrastructure Revolving Loan Account.

14 (D) *In addition to the amount transferred pursuant to*  
15 *subparagraph (A) of paragraph (7) of subdivision (h), seventy-five*  
16 *million dollars (\$75,000,000) into the Broadband Public Housing*  
17 *Account.*

18 (E) *One hundred million dollars (\$100,000,000) into the*  
19 *High-Speed Internet Access Adoption Account.*

20 (2) All interest earned on moneys in the fund shall be deposited  
21 in the fund.

22 (3) The commission shall not collect moneys, by imposing the  
23 surcharge described in paragraph (1) for deposit in the fund, in an  
24 amount that exceeds one hundred million dollars (\$100,000,000)  
25 before January 1, 2011. On and after January 1, 2011, the  
26 commission may collect an additional sum not to exceed ~~two~~  
27 ~~hundred—fifteen~~ *five hundred sixty-five* million dollars  
28 ~~(\$215,000,000); (\$565,000,000)~~, for a sum total of moneys  
29 collected by imposing the surcharge described in paragraph (1)  
30 not to exceed ~~three hundred fifteen~~ *six hundred sixty-five* million  
31 dollars ~~(\$315,000,000); (\$665,000,000)~~. The commission may  
32 collect *the remaining balance of* the additional sum beginning with  
33 the calendar year starting on January 1, ~~2011~~, *2017*, and continuing  
34 through the ~~2020~~ *2026* calendar year, in an amount not to exceed  
35 ~~twenty-five~~ *fifty* million dollars ~~(\$25,000,000)~~ *(\$50,000,000)* per  
36 year, unless the commission determines that collecting a higher  
37 amount in any year will not result in an increase in the total amount  
38 of all surcharges collected from telephone customers that year.

39 (e) (1) (A) All moneys in the California Advanced Services  
40 Fund shall be available, upon appropriation by the Legislature, to

1 the commission for the program administered by the commission  
2 pursuant to this ~~section~~, *section and Section 281.1*, including the  
3 costs incurred by the commission in developing, implementing,  
4 and administering the program and the fund.

5 *(B) To ensure the most cost effective and timely achievement of*  
6 *the goals specified in paragraph (1) of subdivision (b), the*  
7 *commission may award contracts through an open and competitive*  
8 *process for any of the following services:*

9 *(i) Project oversight and management of grants awarded from*  
10 *the Broadband Infrastructure Grant Account to accelerate the*  
11 *completion of projects without cost increase or overruns.*

12 *(ii) Engineering review of proposals for grants from the*  
13 *Broadband Infrastructure Grant Account.*

14 *(iii) Overall management, distribution of funds from the*  
15 *Broadband Infrastructure Grant Account to sub-awardees, and*  
16 *verification of performance by the sub-awardees receiving funds.*

17 *(C) To avoid delays in cash flow, contracts entered into pursuant*  
18 *to subparagraph (B) shall include terms for reasonable and*  
19 *prudent advance payment schedules reconciled to actual*  
20 *expenditures by contractors, as verified by independent audits.*

21 (2) Notwithstanding any other law and for the sole purpose of  
22 providing matching funds pursuant to the federal American  
23 Recovery and Reinvestment Act of 2009 (Public Law 111-5), any  
24 entity eligible for funding pursuant to that act shall be eligible to  
25 apply to participate in the program administered by the commission  
26 pursuant to this ~~section~~, *section and Section 281.1*, if that entity  
27 otherwise satisfies the eligibility requirements under that program.  
28 Nothing in this section shall impede the ability of an incumbent  
29 local exchange carrier, as defined by subsection (h) of Section 251  
30 of Title 47 of the United States Code, that is regulated under a rate  
31 of return regulatory structure, to recover, in rate base, California  
32 infrastructure investment not provided through federal or state  
33 grant funds for facilities that provide broadband service and  
34 California intrastate voice service.

35 (3) Notwithstanding subdivision (b) of Section 270, an entity  
36 that is not a telephone corporation shall be eligible to apply to  
37 participate in the program administered by the commission pursuant  
38 to this ~~section~~ *section and Section 281.1* to provide access to  
39 broadband to an unserved or underserved household, as defined  
40 in commission Decision 12-02-015, if the entity otherwise meets

1 the eligibility requirements and complies with program  
2 requirements established by the commission. These requirements  
3 shall include all of the following:

4 (A) That projects under this paragraph provide last-mile  
5 broadband access to households that are unserved by an existing  
6 facilities-based broadband provider and only receive funding to  
7 provide broadband access to households that are unserved or  
8 underserved, as defined in commission Decision 12-02-015.

9 (B) That funding for a project providing broadband access to  
10 an underserved household shall not be approved until after any  
11 existing facilities-based provider has an opportunity to demonstrate  
12 to the commission that it will, within a reasonable timeframe,  
13 upgrade existing service. An existing facilities-based provider  
14 may, but is not required to, apply for funding under this section to  
15 make that upgrade.

16 (C) That the commission shall provide each applicant, and any  
17 party challenging an application, the opportunity to demonstrate  
18 actual levels of broadband service in the project area, which the  
19 commission shall consider in reviewing the application.

20 (D) That a local governmental agency may be eligible for an  
21 infrastructure grant only if the infrastructure project is for an  
22 unserved household or business, the commission has conducted  
23 an open application process, and no other eligible entity applied.

24 (E) That the commission shall establish a service list of  
25 interested parties to be notified of California Advanced Services  
26 Fund applications.

27 *(4) Notwithstanding subdivision (b) of Section 270, up to ten*  
28 *million dollars (\$10,000,000) from the Broadband Infrastructure*  
29 *Grant Account shall be available for allocation to the California*  
30 *Telehealth Network, a 501(c)(3) nonprofit organization, for*  
31 *purposes of leveraging that organization's utilization of the Federal*  
32 *Communications Commission's Healthcare Connect Fund for*  
33 *California's medically underserved communities.*

34 (f) Moneys in the Rural and Urban Regional Broadband  
35 Consortia Grant Account shall be available for grants to eligible  
36 consortia to fund the cost of broadband deployment activities other  
37 than the capital cost of facilities, as specified by the commission.  
38 An eligible consortium may include, as specified by the  
39 commission, representatives of organizations, including, but not  
40 limited to, local and regional government, public safety, elementary

1 and secondary education, health care, libraries, postsecondary  
2 education, community-based organizations, tourism, parks and  
3 recreation, agricultural, and business, and is not required to have  
4 as its lead fiscal agent an entity with a certificate of public  
5 convenience and necessity.

6 (g) Moneys in the Broadband Infrastructure Revolving Loan  
7 Account shall be available to finance capital costs of broadband  
8 facilities not funded by a grant from the Broadband Infrastructure  
9 Grant Account. The commission shall periodically set interest rates  
10 on the loans based on surveys of existing financial markets.

11 (h) (1) For purposes of this subdivision, the following terms  
12 have the following meanings:

13 (A) “Publicly subsidized” means either that the housing  
14 development receives financial assistance from the United States  
15 Department of Housing and Urban Development pursuant to an  
16 annual contribution contract or is financed with low-income  
17 housing tax credits, tax-exempt mortgage revenue bonds, general  
18 obligation bonds, or local, state, or federal loans or grants and the  
19 rents of the occupants, who are lower income households, do not  
20 exceed those prescribed by deed restrictions or regulatory  
21 agreements pursuant to the terms of the financing or financial  
22 assistance.

23 (B) “Publicly supported community” means a publicly  
24 subsidized multifamily housing development that is wholly owned  
25 by either of the following:

26 (i) A public housing agency that has been chartered by the state,  
27 or by any city or county in the state, and has been determined to  
28 be an eligible public housing agency by the United States  
29 Department of Housing and Urban Development.

30 (ii) An incorporated nonprofit organization as described in  
31 Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Sec.  
32 501(c)(3)) that is exempt from taxation under Section 501(a) of  
33 that code (16 U.S.C. Sec. 501(a)), and that has received public  
34 funding to subsidize the construction or maintenance of housing  
35 occupied by residents whose annual income qualifies as “low” or  
36 “very low” income according to federal poverty guidelines.

37 (2) Notwithstanding subdivision (b) of Section 270, moneys in  
38 the Broadband Public Housing Account shall be available for the  
39 commission to award grants and loans pursuant to this subdivision  
40 to an eligible publicly supported community if that entity otherwise

1 meets eligibility requirements and complies with program  
2 requirements established by the commission.

3 (3) Not more than twenty million dollars (\$20,000,000) shall  
4 be available for grants and loans to a publicly supported community  
5 to finance a project to connect a broadband network to that publicly  
6 supported community. A publicly supported community may be  
7 an eligible applicant only if the publicly supported community can  
8 verify to the commission that the publicly supported community  
9 has not denied a right of access to any broadband provider that is  
10 willing to connect a broadband network to the facility for which  
11 the grant or loan is sought.

12 (4) (A) Not more than five million dollars (\$5,000,000) shall  
13 be available for grants and loans to a publicly supported community  
14 to support programs designed to increase adoption rates for  
15 broadband services for residents of that publicly supported  
16 community. A publicly supported community may be eligible for  
17 funding for a broadband adoption program only if the residential  
18 units in the facility to be served have access to broadband services  
19 or will have access to broadband services at the time the funding  
20 for adoption is implemented.

21 (B) A publicly supported community may contract with other  
22 nonprofit or public agencies to assist in implementation of a  
23 ~~broadband~~ *high-speed Internet access* adoption program.

24 (5) To the extent feasible, the commission shall approve projects  
25 for funding from the Broadband Public Housing Account in a  
26 manner that reflects the statewide distribution of publicly supported  
27 communities.

28 (6) In reviewing a project application under this subdivision,  
29 the commission shall consider the availability of other funding  
30 sources for that project, any financial contribution from the  
31 broadband service provider to the project, the availability of any  
32 other public or private broadband adoption or deployment program,  
33 including tax credits and other incentives, and whether the applicant  
34 has sought funding from, or participated in, any reasonably  
35 available program. The commission may require an applicant to  
36 provide match funding, and shall not deny funding for a project  
37 solely because the applicant is receiving funding from another  
38 source.

39 (7) ~~(A)~~ To provide funding for the purposes of this subdivision,  
40 the commission shall transfer to the Broadband Public Housing

1 Account twenty million dollars (\$20,000,000) from the Broadband  
2 Infrastructure Grant Account and five million dollars (\$5,000,000)  
3 from the Broadband Revolving Loan Account. ~~Any moneys in the~~  
4 ~~Broadband Public Housing Account that have not been awarded~~  
5 ~~pursuant to this subdivision by December 31, 2016, shall be~~  
6 ~~transferred back to the Broadband Infrastructure Grant Account~~  
7 ~~and Broadband Infrastructure Revolving Loan Account in~~  
8 ~~proportion to the amount transferred from the respective accounts.~~

9 ~~(B) The commission shall transfer funds pursuant to~~  
10 ~~subparagraph (A) only if the commission is otherwise authorized~~  
11 ~~to collect funds for purposes of this section in excess of the total~~  
12 ~~amount authorized pursuant to paragraph (3) of subdivision (d).~~

13 *(i) (1) (A) Notwithstanding subdivision (b) of Section 270,*  
14 *moneys in the High-Speed Internet Access Adoption Account shall*  
15 *be available for the commission to award performance-based*  
16 *grants to eligible not-for-profit, community-based organizations,*  
17 *schools, and libraries to increase high-speed Internet adoption by*  
18 *low-income households by providing public education and outreach*  
19 *programs that are culturally appropriate and in relevant languages*  
20 *on digital literacy training, assistance with selecting a high-speed*  
21 *Internet provider, and subscription to high-speed Internet access.*

22 *(B) The commission shall develop criteria for awarding grants*  
23 *and determine the process and methodology for verifying*  
24 *high-speed Internet access based on new subscriptions by*  
25 *low-income households.*

26 *(C) The commission may award one or more contracts for the*  
27 *overall management of grants to eligible not-for-profit*  
28 *community-based organizations, schools, and libraries to increase*  
29 *high-speed Internet adoption among low-income households at a*  
30 *cost not to exceed 10 percent of the amount of grants awarded.*

31 *(2) To avoid delays in cash flow, contracts entered into pursuant*  
32 *to paragraph (1) shall include terms for reasonable and prudent*  
33 *advance payment schedules reconciled to actual expenditures by*  
34 *contractors, as verified by independent audits.*

35 *(j) (1) The commission shall conduct two interim financial*  
36 *audits and a final financial audit and two interim performance*  
37 *audits and a final performance audit of the implementation and*  
38 *effectiveness of the California Advanced Services Fund to ensure*  
39 *that funds have been expended in accordance with the approved*  
40 *terms of the grant awards and loan agreements, this section, and*

1 *Section 281.1. The commission shall report its interim findings to*  
2 *the Legislature by April 1, 2020, and April 1, 2022. The*  
3 *commission shall report its final findings to the Legislature by*  
4 *April 1, 2024. The reports shall also include an update to the maps*  
5 *in the final report of the California Broadband Task Force and*  
6 *data on the types and numbers of jobs created as a result of the*  
7 *program administered by the commission pursuant to this section*  
8 *and Section 281.1.*

9 *(2) (A) The requirement for submitting a report imposed under*  
10 *paragraph (1) is inoperative on January 1, 2022, pursuant to*  
11 *Section 10231.5 of the Government Code.*

12 *(B) A report to be submitted pursuant to paragraph (1) shall*  
13 *be submitted in compliance with Section 9795 of the Government*  
14 *Code.*

15 *(k) (1) Beginning on January 1, 2018, and annually thereafter,*  
16 *until January 1, 2027, the commission shall provide a report to*  
17 *the Legislature that includes all of the following information:*

18 *(A) The amount of funds expended from the California Advanced*  
19 *Services Fund in the prior year.*

20 *(B) The recipients of funds expended from the California*  
21 *Advanced Services Fund in the prior year.*

22 *(C) The geographic regions of the state affected by funds*  
23 *expended from the California Advanced Services Fund in the prior*  
24 *year.*

25 *(D) The expected benefits to be derived from the funds expended*  
26 *from the California Advanced Services Fund in the prior year.*

27 *(E) The amount of actual high-speed Internet access adoption*  
28 *due to the funds expended from the California Advanced Services*  
29 *Fund in the prior year.*

30 *(F) The amount of funds expended from the California Advanced*  
31 *Services Fund used to match federal funds.*

32 *(G) An update on the expenditures from California Advanced*  
33 *Services Fund and broadband adoption levels, and an accounting*  
34 *of remaining unserved and underserved households and areas of*  
35 *the state.*

36 *(H) The status of the California Advanced Services Fund*  
37 *balance and the projected amount to be collected in each year to*  
38 *fund approved projects.*

1     (2) *A report to be submitted pursuant to paragraph (1) shall be*  
2     *submitted in compliance with Section 9795 of the Government*  
3     *Code.*

4     SEC. 4. Section 281.1 is added to the Public Utilities Code, to  
5     read:

6     281.1. (a) For the purposes of this section, the following terms  
7     mean the following:

8     (1) “Last-mile infrastructure” means the segment of the Internet  
9     infrastructure that provides Internet connectivity to end users, such  
10    as residential households, anchor institutions, and local businesses.

11    (2) “Middle-mile backhaul infrastructure” means the segment  
12    of the Internet infrastructure that connects the last-mile  
13    infrastructure to the backbone infrastructure of the Internet.

14    (3) “Program” means the California Advanced Services Fund  
15    program.

16    (4) “Unserved households” and “underserved households” have  
17    the same meanings as in commission Decision 12-02-015.

18    (b) (1) Until the goal specified in subparagraph (A) of paragraph  
19    (1) of subdivision (b) of Section 281 is achieved, the commission,  
20    in administering the program, shall give priority to last-mile  
21    infrastructure projects that provide advanced communication  
22    services at or above the advertised speeds required under the goal  
23    to unserved or underserved households. Recognizing that  
24    cost-effective, last-mile infrastructure projects are dependent upon  
25    affordable middle-mile backhaul infrastructure that may be  
26    deployed through underserved or unserved areas either by  
27    incumbents providing access to existing middle-mile backhaul  
28    infrastructure at reasonable prices as determined by the commission  
29    or by the project applicant constructing essential middle-mile  
30    infrastructure as part of the project, the commission shall consider  
31    applications for projects that provide for the development of  
32    last-mile infrastructure serving unserved and underserved  
33    households that include the development of middle-mile backhaul  
34    infrastructure to which the last-mile infrastructure connects.

35    (2) (A) The commission shall give additional priority to  
36    applicants that are incumbents with existing middle-mile backhaul  
37    infrastructure proposing to deploy last-mile infrastructure to  
38    provide services to unserved and underserved households, if the  
39    incumbent submits an application no later than March 31, 2017,  
40    and the proposal is deemed cost effective by the commission

1 (B) The commission shall require the incumbent to complete,  
2 no later than December 31, 2018, the construction of the project  
3 given priority pursuant to this paragraph.

4 (3) In applying for funding for the program, an applicant shall  
5 demonstrate the cost-effectiveness of the last-mile infrastructure  
6 at the threshold speeds specified in subparagraph (A) of paragraph  
7 (1) of subdivision (b) of Section 281.

8 (c) Once the goal specified in subparagraph (A) of paragraph  
9 (1) of subdivision (b) of Section 281 is reached, the commission  
10 may prioritize funding pursuant to the program for any of the  
11 following:

12 (1) Last-mile infrastructure projects providing advanced  
13 communication services at advertised speeds of at least 25 Mbps  
14 downstream and 3 Mbps upstream to unserved and underserved  
15 households and at appropriate speeds to anchor institutions and  
16 other customers in the vicinity of those households.

17 (2) Upgrades to broadband connectivity for other critical  
18 infrastructure systems not in the vicinity of residences.

19 (3) Last-mile infrastructure projects of statewide public  
20 significance, including projects related to public safety and  
21 emergency response, such as providing broadband connectivity to  
22 and among county fairgrounds as staging areas for emergency  
23 responses, wildfire fighting, and disaster evacuations.

24 (d) It is the intent of the Legislature to enact legislation to  
25 establish a transparent public process to analyze and designate a  
26 project as having statewide significance for purposes of paragraph  
27 (3) of subdivision (c).

28 (e) The commission and the California Broadband Council shall,  
29 in consultation with relevant state agencies, develop a plan to  
30 implement this section in a manner that fosters public-private  
31 partnership collaboration in an open and transparent process.

32 SEC. 5. No reimbursement is required by this act pursuant to  
33 Section 6 of Article XIII B of the California Constitution because  
34 the only costs that may be incurred by a local agency or school  
35 district will be incurred because this act creates a new crime or  
36 infraction, eliminates a crime or infraction, or changes the penalty  
37 for a crime or infraction, within the meaning of Section 17556 of  
38 the Government Code, or changes the definition of a crime within

1 the meaning of Section 6 of Article XIII B of the California  
2 Constitution.

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